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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: August 21, 2007

Community Service Instead of Prison

11. Austrian Justice Minister Maria Berger of the Social Democrats (SPOe) has proposed alleviating the problem of overcrowded detention facilities by offering inmates the choice of parole and community service. Starting this fall, people convicted of minor offences and facing fines could avoid serving time in prison by doing various forms of community service. Legal experts have welcomed the proposals, but the SPOe's coalition partner, the People's Party (OeVP), has rejected them. Minister Berger points to the success of pilot projects in some provincial capitals last year. Centrist daily Die Presse meanwhile writes that the People's Party, following its initial opposition to Justice Minister Maria Berger's proposal of offering people convicted of minor crimes to do community service instead of serving time in prison, has now said it could also imagine such measures. Heribert Donnerbauer, the OeVP's justice spokesperson, told the Presse that "in principle," his party was "not taking a skeptical stance" on the Minister's plan. It made sense to convert prison sentences of up to 60 days into community service time, he said. After all, the proposal would "be worthwhile and not cost the country money." In addition, mass-circulation tabloid Kronen Zeitung says, the Justice Minister has also suggested short-term prison sentences could increasingly be converted into fines.

Bank Bawag Trial Continues

12. The trial of nine former Bawag bank executives and union officials, who are charged with varying degrees of fraud leading to the bank's near collapse and losses totaling some 1.4 billion Euros, resumed on Monday. At its fifteenth session, the court focused again on investments made for Bawag by investment banker Wolfgang Floetl after he had already lost one billion Euros in speculation deals in the Caribbean. Despite the losses, Floetl received an additional 430 million Euros from the bank in the hope of recouping losses over a five- to six-year period. Former Bawag CEO Helmut Elsner claimed that at the time the bank's management and board of directors had been fully informed about all the money given to Floetl, but his co-defendants from Bawag management rejected his statements as untrue.

Reporting on the continuation of the trial of nine former Bawag bank executives charged with varying degrees of fraud, semi-official daily Wiener Zeitung says that at its fifteenth session yesterday, the court focused again on the investments Wolfgang Floetl made for Bawag, even after he had lost the bank vast amounts of money in failed speculation deals. Helmut Elsner, a key defendant and former chief executive at Bawag, Helmut Elsner, continued to blame Floetl for the disastrous deals, saying that the latter ignored investment

rules and went for riskier products than he was authorized. Floetl, in turn, claimed that he warned Elsner about the risk, but was told to take it. In addition, writes liberal daily Der Standard, Elsner has also incriminated his co-defendant and former Austrian Union Association (OeGB) finance chief Guenter Weninger, arguing that it "would have been in Weninger's power to stop the Bawag losses." Mass-circulation daily Kurier comments that Elsner is apparently playing a game of cat and mouse with the former Bawag executive board."

NAFTA Summit in Canada

13. Canada's Prime Minister Stephen Harper is hosting talks on regional trade and border security with US President George Bush and Mexico's President Felipe Calderon in Montebello, near Ottawa, today. Premier Harper brought up Canada's claim to the Northwest Passage through the Arctic during a bi-lateral meeting with President Bush. The US, however, regards the Passage as international waters. Meanwhile, more than 2,000 people turned up to protest against globalization and the escalating battle for control of the Arctic's resources.

ORF online news in its report on the NAFTA summit currently underway in Canada focuses on the protests and clashes between police and demonstrators, which have "overshadowed the meeting." Trade and border agreements, Afghanistan, climate change and the question of how to distribute political spheres of influence in the Arctic, as well as anti-drug-trade efforts in Latin America are on the summit's agenda. Critics have meanwhile accused the NAFTA partnership of bypassing laws and their respective heads of government, of "secretiveness," of undemocratic views and of subservience to major corporations, ORF online news adds.

Turkey Vote Goes To Second Round

14. In Turkey, Foreign Minister Abdullah Gul has fallen short of securing a two-thirds majority of votes in the country's Parliament, which he would need to become the first President with an Islamist past. However, Mr. Gul is expected to win in a further round next week, in which a candidate only needs to secure a simple majority of votes. His push for the Presidency has been fiercely resisted by Turkish secularists - including army generals and opposition leaders.

Independent provincial daily Salzburger Nachrichten argues that in view of the fact that Turkish Foreign Minister Abdullah Gul will be elected President of his country in one week's time at the latest, he can be "certain of victory, despite yesterday's defeat." However, secularists are accusing Gul of trying to abuse his powers in order to push the Islamization of Turkey. The daily also explains that the Foreign Minister's failure on Monday to secure a two-third majority is not a sign of the controversy over his candidature, but rather political normality in Turkey: No Turkish president has been voted into office in the first round in more than 40 years, the Salzburger Nachrichten says.

Mass-circulation tabloid Kronen Zeitung meanwhile runs the headline "Turkey: devout Muslim is reaching for the presidency," and suggests the current "events in the country's Parliament amounts to an - as yet peaceful - Islamic revolution directed against Turkey's secular principles."

Gadhafi Son Calls for Reforms

15. Saif al-Islam Gadhafi, the son of Libyan leader Moammar Gadhafi, has said the country needs reforms to strengthen its grassroots democracy. Saif Gadhafi explained such reforms should include setting up independent institutions, such as a central bank, a high court and media. However, he named four issues that had to be kept out of any political debate and future reforms: Islamic Sharia, security and stability, Libya's territorial unity and his father's leadership.

According to independent provincial daily Salzburger Nachrichten, Saif al-Islam Gadhafi, the son of Libya's leader, has suggested guidelines for a new constitution for the country. Speaking in Benghazi on Monday, he stressed that "we want to strengthen or current system, and make it more efficient." In his speech, Saif Gadhafi also urged the creation of independent institutions, "including an independent central bank and supreme court, as well as free media: "Our society needs an independent media in order to shed

light on corruption and fraud. Our country needs an independent civil society." One of the challenges facing the country was therefore to put together a packet of laws in the form of a constitution, which needed to be approved by all citizens, Gadhafi suggested. A "national dialogue of the entire people" would facilitate the process of finding the "ideal formula," the daily quotes.
Kilner